



Fremont Research Park, Fremont, CA

Equus Acquires Five-Building Industrial/R&D Campus in Fremont, California

In December 2015, affiliates of Equus Capital Partners, Ltd. ("Equus") acquired Fremont Research Park, a 215,733 square-foot, five-building Industrial/R&D campus located in Fremont, CA, a submarket within the Silicon Valley for \$27 million.

Fremont Research Park was built between 1983 and 1997, and is situated on 12.8 acres within Silicon Valley's manufacturing hub of Fremont. The properties are located immediately off of Warm Springs Boulevard, between Interstate 680 and Interstate 880, which provide excellent access throughout the entire Silicon Valley and San Francisco region.

Fremont has emerged as a top destination for R&D space. At the time of acquisition, the property was 100% leased and serves as the headquarters for three of its five tenants. Prominent companies in the immediate area include Apple, Tesla, Lam Research, Seagate Technology, Delta, and Thermo Fisher

Scientific.

The property is approximately 10 miles from the Mineta San Jose International Airport and is close to a broad range of housing and amenities. In addition, the property is less than 1.5 miles south of a new BART station, a desirable alternative means of transportation for area employees.

Seth Siegal, Adam Lasoff, and Grant Lammerson of Cushman and Wakefield headed the negotiations on the transaction on behalf of the seller.

This acquisition was made on behalf of Equus Investment Partnership X, L.P., a discretionary fund managed by Equus. Affiliates of Equus also own City View Plaza, a 600,000 square-foot office complex located in downtown San Jose, CA, and 3003 Bunker Hill Lane, an 80,878 square-foot Office/R&D property located in Santa Clara, CA, another submarket of Silicon Valley. ■

The Year Ahead



Daniel M. DiLella
President and CEO

2015 was another very productive year for Equus Capital Partners, Ltd. (Equus). Equus' Fund IX completed its investment program in August having invested over \$300 million of equity in 33 properties across the country. In September,

we began investing on behalf of our latest equity fund, Equus Investment Partnership X, L.P.

Consistent with our mixed property strategy we completed the Fund IX investment period with a product diversification of 47% office/industrial and 53% multi-family. Our geographic allocation was weighted 35% in the eastern US, 24% in the western US, and 41% in the central portion of the country. As in the past we continue to focus on markets which exhibit economic diversity as well as significant employment and population growth, as these are each drivers of demand for space. Examples of high growth markets where we made recent acquisitions include Austin, TX, Silicon Valley, CA, Scottsdale, AZ, Minneapolis, MN, and Raleigh, NC. Utilizing our direct-operator approach we are well into the execution phase of our value-add strategy for Fund IX's investments. In fact,

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three assets where we had completed our repositioning plan have been sold and equity and profit returned. Whether re-leasing or repositioning an asset, our focus for Fund IX, which will continue with Fund X, has and continues to be cash flow.

Acquisitions

Fremont Research Center, Fremont, CA
Industrial/R&D campus | 215,733 SF

Dispositions

Boston Capital REIT Portfolio
(Remaining three properties),
Jacksonville, FL
Multi-Family | 1,040 Units

Madison Hunt Club, North Wales, PA
Multi-Family | 320 Units

18 Tremont Street, Boston, MA
Office | 202,033 SF

Promotions

Equus Capital Partners, Ltd.

Philadelphia, PA Office
Daniel M. DiLella, Jr., *Sr. Vice President*

Philadelphia, PA Office
Kyle W. Turner, *Vice President*

Falls Church, VA Office
Keith Knight, *Vice President*

Los Angeles, CA Office
Jonathan Praw, *Vice President, Senior Portfolio Manager – Western Region*

Newtown Square, PA Office
Nichole Modestine, *Project Manager*

New Hires

Madison Apartment Group, L.P.

Philadelphia, PA Office
Alex McPherson, *Financial Analyst*

Fund X was launched in 2015 with an initial closing on July 1. This Fund has a \$300 million equity target and a \$400 million cap. With closings to date and commitments in hand the Fund expects to exceed its target in Q1, 2016. We are pleased with a strong re-up rate from our existing investor base, who by doing so, demonstrate their confidence in our investment strategy. Fund X has already made five acquisitions, committing \$57 million in equity. These value-add investments are product and geographically diverse. They provide a strong cash flow component to the total expected return and underscore our view that there continues to be excellent opportunities available for us to execute our Fund X strategy.

Sales of assets in Equus' earlier operating Funds were brisk as the capital markets sought well located, well leased investment product. In particular, Fund VIII sold a significant portion of its multi-family holdings as we capitalized upon strong investor appetite for this class of product. As a result of dispositions across all of our Funds during 2015, we distributed over \$321 million in cash to our Limited Partners.

Capital for investment in the real estate space remains plentiful. Institutional investors, both domestic and foreign, continue to allocate capital to the asset class and appear willing to move out on the risk spectrum from core and core plus to the value-add space. We have experienced strong interest from most institutional sectors, particularly the corporate pension plans, Taft-Hartley plans, and high-net-worth/family offices.

Continued job recovery and positive demographic trends, when combined with the modest new supply of real estate product, bodes well for continued absorption and rental rate growth, both contributors to increasing value. Thus, while yields overall are likely to continue to experience downward pressure, from a risk adjusted return perspective, the real estate investment class and in particular, well located and prudently underwritten assets, remains attractive.

As always, thank you for your support and best wishes for a Happy New Year. ■

Arthur P. Pasquarella Honored by The Counselors of Real Estate

Arthur P. Pasquarella, CRE, Executive Vice President and Chief Operating Officer, Equus Capital Partners received the 2015 James D. Landauer/John R. White Award from The Counselors of Real Estate Professional Association. The honor was bestowed at The Counselors' recent annual convention in Charlotte, NC, in recognition of Pasquarella's distinguished record of leadership in the real estate industry, and his impressive record of supporting civic causes.

Pasquarella, who oversees all of the real estate investment and property activities at Equus, was invited to membership in The Counselors of Real Estate in 1991—where he has served in leadership positions on numerous national committees, including finance, education, membership, strategic planning and the board of directors. He is a trustee of the CRE Foundation and served as The Counselors' board chair in 2010.

In presenting the award, 2015 CRE Chair of the Board, Noah Shlaes, CRE, called Pasquarella, "a brilliant and creative thinker who identifies the goal and doesn't rest until it's met."

The Landauer/White Award is presented annually to an individual who has furthered the ideals of The Counselors of Real Estate—integrity, competence, community, trust and selflessness, and is not given based on involvement in The Counselor organization. It is awarded to an individual who is viewed by their peers as a recognized leader of real estate who has contributed significantly to his/her community and/or the world around them.

The award was established in 1986 as a memorial to honor James Landauer for his instrumental role in establishing The Counselors of Real Estate. In 1997, the award was renamed the James D. Landauer/John R. White Award, to honor another high profile professional, John Robert White, who served as a long-term chairman of the Landauer Company as well as president of The Counselors of Real Estate in 1969. ■



A Year In Review



Arthur P. Pasquarella, COO

We are pleased to report that during 2015 our commercial asset management staff completed 326 leases totaling in excess of 3.37 million square feet

within our portfolio representing an aggregate lease value in excess of \$378 million (with new leasing representing 36% of the total volume). We thank the many leasing agents from around the country who work closely with us in achieving this sizable activity.

Our capital markets department was very busy again during 2015 closing more than \$895 million in financing for 11 new acquisitions, two new commercial developments as well as refinancing and extensions on 27 existing properties. We also sold 14 commercial properties during the year for a total consideration of more than \$393 million and 13 multi-family properties for more than \$487 million. We commenced the development in Newtown Square of a 109,093 square foot shopping center anchored by Whole Foods and a 300,000 square-foot industrial building in Winchester Virginia.

On behalf of our \$310 million BPG Investment Partnership IX, L.P., we completed the acquisition phase with the purchase of six value-add properties (office, flex, and multi-family) in four metro areas with purchase prices totaling more than \$144 million, and have already made significant physical and leasing improvements therein. During the second half of 2015, we launched Equus Investment Partnership X, L.P. and acquired 10 commercial and multi-family properties across 5 states with purchase prices totaling \$190 million. As we start 2016 we have an active pipeline of pending and potential acquisitions from across the country.

Best wishes for a Happy and Healthy New Year. ■

Equus Breaks Ground on a 300,000 Square-Foot Industrial Spec Facility in Winchester, Virginia

In October, 2015, BPG Development Company, the development operating arm of Equus Capital Partners, Ltd. broke ground on a 300,000 square-foot speculative industrial warehouse and distribution center in Winchester, Virginia which is 1 hour west of Washington, D.C. The I-81 Stonewall Industrial Park is strategically located in Frederick County's largest industrial distribution and manufacturing area. The 52-acre site, which can accommodate up to 830,000 square-feet of industrial space in two buildings, is located at Exit 317 of I-81 and will be one of the largest spec industrial developments ever built in the area.

Construction of the first building is scheduled to be completed during the second quarter 2016. A second building (Phase 2) of up to 500,000 square-feet can also be constructed on the site, making the project one of the largest of its kind in the northern Shenandoah Valley. "Demand for brand-new, expandable

industrial space is far outpacing available supply along the I-81 corridor," says Daniel DiLella, Jr., Senior Vice President at Equus. "This industrial corridor provides access to the Virginia Inland Port and is home to a number of mid and large-sized companies looking to distribute product up and down the East Coast and into the Midwest."

Building features include exterior walls of tilt-up concrete panels, minimum 32-foot clear ceiling height, energy efficient T5 interior lighting, 7-inch concrete floors, 50-foot x 50-foot column spacing, and an ESFR sprinkler system. The state-of-the-art facility will also feature a 410-foot deep, single side loaded building with a 180 foot deep truck court to allow for truck trailer loading and parking away from the loading docks. The dimensions of the facility will accommodate both single-tenant or multi-tenant corporate users. ■

Equus would like to thank the following brokers and their firms for helping us lease 908,218 SF in the 4th Quarter 2015:

▶ Avison Young (VA)	Mike Shuler, Dave Millard, and Peter Berk
▶ Avison Young (MD)	Danny Foit
▶ Bell Commercial Inc. (NC)	Jeff Jones
▶ Bernie Reeder Commercial Realty (NC)	Bernard J. Reeder
▶ Bull Realty (GA)	Bryant Dromey
▶ Carmen Commercial Real Estate Group (IN)	Chris Carmen
▶ CBRE (AZ)	Brian Taute
▶ CBRE (FL)	Den Chinsomboon, Kirk Nelson, and Anthony Librizzi
▶ CBRE (IN)	Nick Svarczkopf and John Vandenkark
▶ CBRE (MA)	Bob McGuire, Alison Powers, and Tom Hansen
▶ CBRE (NC)	Benjamin Bryan Everett, Jesse D. Miller, and Howard Lee Clyburn
▶ CBRE (PA)	Mike Barker and James Kelley
▶ Coldwell Banker Commercial Realty (IN)	James C. Shook, Jr.
▶ Colliers Arnold (FL)	Claire Calzon and Joanne LeBlanc
▶ Colliers International (CA)	Susan Gregory, Dion Campisi, Matt Arya, and Kyle Portal
▶ Colliers International (NC)	Thomas Kenna
▶ Colliers International (PA)	David Dickson
▶ Cresa Partners (GA)	Bubba Chrismer and John Flack
▶ Cresa Partners (IN)	Jim Teskey
▶ Cresa Partners (MN)	Steve Eyler
▶ Cushman & Wakefield (AZ)	Greg Mayer, Jerry Noble, and Pat Devine
▶ Cushman & Wakefield (D.C.)	Scott Killie
▶ Cushman & Wakefield (FL)	Paula Buffa and Lauren Coup
▶ Cushman & Wakefield (MD)	Rick Farren
▶ Cushman & Wakefield (VA)	Michael Altman
▶ Cushman & Wakefield / Oxford Commercial (TX)	Brett Arabia and Mark Greiner
▶ Cushman & Wakefield of California (CA)	Sean McCallum and Michelle Lema
▶ Cushman & Wakefield of Texas (TX)	Mike Gosslee
▶ Dillon Commercial RE Services (NC)	Leslie T. Pearce
▶ DTZ Cassidy Turley (MA)	Connor Barnes
▶ DTZ Cassidy Turley (VA)	Krysta Herring and Todd Brinkman
▶ DTZ Cassidy Turley (MA)	Connor Barnes
▶ FAMECO Real Estate (PA)	John Krause
▶ Gola Corporate Real Estate (PA)	Mark Gola and Brian Lafond
▶ HPW Commercial, LLC (NC)	Jonathan Wehmann
▶ ICO Commercial (TX)	Tawnya Dornak
▶ JA Burnett Realty Group, Inc. (FL)	James Burnett
▶ Jones Lang LaSalle (FL)	Jesse Shimp
▶ Jones Lang LaSalle (IN)	John Robinson and Abby Zito
▶ Jones Lang LaSalle (MN)	Brian Ginkel and George Gemelos
▶ Jones Lang LaSalle (OH)	Matt Crawford
▶ Jones Lang LaSalle (PA)	Mike Morrone
▶ Jones Lang LaSalle (VA)	Jeff Groh and Robert Shue
▶ Kim Pardue & Associates (NC)	Kim Pardue
▶ Lee & Associates (IN)	Richard King
▶ NAI Brannen Goddard (GA)	David Beak and Stephen Pond
▶ NAI Carolantic Realty (NC)	John Hibbits
▶ NAI Merin Hunter Codman (FL)	Jason Sundook and Lesley Sheinberg
▶ Newmark Grubb Phoenix Realty Group (FL)	Jim Sebesta, Ross Crabtree, and Scott Henley
▶ Newmark Southern Region, LLC (NC)	Gregory A. Capps
▶ Phoenix Commercial Properties (NC)	Joshua Adam Urlaub
▶ Price Properties (CO)	Steven Price
▶ Ritchie Commercial (CA)	Maggie Bludau
▶ Scheer Partners (MD)	Henry Bernstein
▶ Serten Advisors, LLC (VA)	David Kaizer
▶ Thalhimer Raleigh, LLC (NC)	James P. Allaire
▶ TP Triangle, LLC (NC)	Sam DiFranco
▶ Transwestern (MD)	Guy Copperthite and Scott Randolph
▶ Transwestern (MN)	Mike Salmen and Mike Honsa
▶ Transwestern (TX)	Louann Pereira and Doug Little
▶ Wm Leonard & Company (GA)	Bill Leonard

Equus Capital Partners, Ltd.[®] is one of the nation's leading private equity real estate fund managers. Equus' portfolio consists of over 17 million square-feet of office, retail, and industrial properties and 12,000+ apartment units in 52 communities located throughout the United States.

Philadelphia | Yardley | Chicago | Washington, D.C. | Los Angeles | Raleigh | Atlanta | Boston

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